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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 25, 1998

APPLICATION OF

SINGLE SOURCE OF VIRGINIA,
INCORPORATED

CASE NO. PUC980140

For a certificate of public
convenience and necessity
to provide local exchange
telecommunications services

FINAL ORDER

On September 11, 1998, Single Source of Virginia, Incorporated ("SSVA" or "the Company") filed an application for a certificate of public convenience and necessity ("Certificate") requesting authority to provide local exchange telecommunications services throughout the Commonwealth of Virginia. As part of its application, SSVA requested a waiver of § 2.E.1 and § 5.A.4 of the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018 ("Local Rules") requiring the filing of audited financial statements. By Order dated September 25, 1998, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to SSVA's application.

On November 4, 1998, Staff filed its report finding that SSVA's application was in compliance with the Commission's Local Rules, except that the financial statements submitted by SSVA were unaudited. Based upon its review of SSVA's application and the Company's request for waiver of Local Rule § 2.E.1, requiring audited financial statements to be filed with an application, the Staff determined it would be appropriate to grant a local exchange certificate to SSVA subject to two conditions: (i) any customer deposits collected by the Company be retained in an unaffiliated third-party escrow account until such time as the Staff or Commission determines is necessary; and (ii) the Company shall provide audited financial statements for itself or its parent, East Coast Communications, Inc. ("East Coast"), to the Staff no later than one year from the effective date of its initial tariff. Staff opposed the Company's request for a permanent waiver of Local Rule § 5.A.4, requiring carriers to file audited financial statements annually.

A hearing was conducted on November 24, 1998. SSVA filed proof of publication and proof of service as required by the September 25, 1998, scheduling order. At the hearing, the proof of notice, application and accompanying attachments, and the Staff's report were entered into the record without objection. The Commission heard statements from counsel on SSVA's request

for a permanent waiver of § 5.A.4 of the Commission's Local Rules.

Having considered the application and the Staff's report, the Commission finds that SSVA's application should be granted. We also find that the Company's request for a waiver of § 2.E.1 of the Local Rules, as it relates to filing audited financial statements with the application, should be granted. However, we further find that the request for a permanent waiver of Local Rule § 5.A.4 should be denied. Although we will require the Company to retain any customer deposits in an unaffiliated third-party escrow account, this requirement should not be interpreted to prevent the Company's normal access to deposits from delinquent terminated accounts.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Single Source of Virginia, Incorporated is hereby granted Certificate of Public Convenience and Necessity No. T-423 to provide local exchange telecommunications services subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) SSVA shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) Should SSVA collect customer deposits, it shall establish and maintain an escrow account held by an unaffiliated third party for such funds and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this Order shall be maintained for such time as the Staff or the Commission determines necessary.

(4) The Company shall provide audited financial statements for SSVA or its parent, East Coast, to the Staff no later than one year from the effective date of its initial tariff.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the Commission's file for ended causes.